United Nations A/56/620

General Assembly

Distr.: General
14 November 2001

Original: English

Fifty-sixth session
Agenda items 121 and 130

Review of the efficiency of the administrative and financial functioning of the United Nations

Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Inspection of the administrative and management practices of the United Nations Office at Nairobi

Note by the Secretary-General*

1. Pursuant to General Assembly resolutions 48/218 B of 29 July 1994 and 54/244 of 23 December 1999, the Secretary-General has the honour to transmit, for the attention of the General Assembly, the attached report, conveyed to him by the Under-Secretary-General for Internal Oversight Services, on the inspection of the administrative and management practices of the United Nations Office at Nairobi.

2. The Secretary-General takes note of the findings of the Office of Internal Oversight Services and concurs with its recommendations, and notes that measures are being taken to correct the issues addressed in the review.

* Finalization of the report was delayed owing to the need for extensive consultations between the Office of Internal Oversight Services, the management of the United Nations Office at Nairobi and the Department of Management at Headquarters.

01-63793 (E) 071201

Report of the Office of Internal Oversight Services on the inspection of the administrative and management practices of the United Nations Office at Nairobi

Summary

The United Nations Office at Nairobi began its operations on 1 January 1996 as part of the Secretary-General's review of the efficiency of the administrative and financial functioning of the United Nations, and the restructuring of the United Nations Secretariat (see A/49/336 dated 24 August 1994). The Office was created to render common administrative services to the United Nations Environment Programme (UNEP) and the United Nations Centre for Human Settlements (Habitat), as well as to other United Nations agencies in Nairobi, as may be required.

The Office of Internal Oversight Services undertook a review of the administrative and management practices of the United Nations Office at Nairobi in March and April 2001 to assess the level of satisfaction with the services provided by it to its clients. The review focused on the administrative, financial management, human resources, security and safety, support and information technologies services provided by the Division of Administrative Services.

The review found that the authority delegated to UNEP and Habitat, in the context of the existing delegation of authority to offices away from Headquarters, as set out in the relevant administrative instruction and General Assembly resolution, had been clarified in numerous instances by the Department of Management. However, the relationship of the two United Nations entities with the United Nations Office at Nairobi remained unclear and was not embodied in a single document.

The Office of Internal Oversight Services found that various Secretary-General's bulletins approved by the Department of Management clearly defined the role and mandate of the United Nations Office at Nairobi, but did not reflect a clear relationship between the functional responsibilities and reporting lines of the Office with respect to its relationship with UNEP, Habitat and the governing bodies of both entities. Although the role and mandate of the Director-General of the United Nations Office at Nairobi, with respect to his functional responsibilities and his relationship with the Committee of Permanent Representatives, had been set out in the recent Secretary-General's bulletin ST/SGB/2000/13, further clarification was needed to ensure that UNEP and Habitat know who should be held accountable for the delivery of services in the absence from Nairobi of the Director-General. There was also a need to clarify the reporting lines and level of accountability of the Division of Administrative Services, with respect to its relationship with UNEP and Habitat.

The inspection revealed that the current relationship between the United Nations Office at Nairobi and the diplomatic missions did not reflect the stipulation contained in Secretary-General's bulletin ST/SGB/2000/13 on the organization of the Office. The Office of Internal Oversight Services observed that the current relationship between the Committee of Permanent Representatives and the United Nations Office at Nairobi could be improved to ensure that the members of diplomatic missions are regularly informed on the role and responsibilities of the Office and their relationship with it.

In that connection, the Office of Internal Oversight Services welcomed the proactive decision taken by the Director-General of the United Nations Office at Nairobi to initiate regular meetings with the Committee of Permanent Representatives. This will ensure that the activities of the Office are made transparent to Member States and provide an avenue for all the parties to communicate on matters affecting them.

The Office of Internal Oversight Services noted that there was no effective system in place for UNEP or Habitat to monitor the quality and effective delivery of services by the United Nations Office at Nairobi. In the light of the current situation, the Director-General has advocated the issuance of service agreements and instructed the United Nations Office at Nairobi to undertake a full analysis of the services it provides, including the cost of providing them. There is, therefore, a need for the Office to institutionalize the practice of gauging client satisfaction with the services it provides.

The Office of Internal Oversight Services also noted that the problem of attracting highly qualified professional staff to the United Nations Office at Nairobi had contributed to the inability of the Division of Administrative Services to fill vacancies in senior management positions. The Office of Internal Oversight Services recommends that the current staffing and skills levels in the Division be reviewed to ensure their appropriateness for the duty station. Furthermore, an overall plan for skills enhancement and training of staff to enhance the efficient and effective delivery of services should be prepared.

Contents

		Paragraphs	Page
I.	Introduction	1–3	5
II.	Scope and objectives of the inspection	4	5
III.	Methodology	5	5
IV.	Findings	6–60	6
	A. Delegation of authority	6–20	6
	B. Funding of the United Nations Office at Nairobi from the United Nations regular budget	21	10
	C. Organization and management	22–35	10
	D. Relationship of the United Nations Office at Nairobi with the governing bodies of the United Nations Environment Programme and the United Nations Centre for Human Settlements	36–42	14
	E. United Nations Environment Programme and United Nations Centre for Human Settlements oversight of the services provided by the United Nations Office at Nairobi	43–55	16
	F. Staffing	56–60	18
V.	Conclusions	61–65	20
VI.	Recommendations	66–79	20

I. Introduction**

1. In 1994, the Secretary-General advised the General Assembly that he was taking a number of measures to strengthen the United Nations presence in Nairobi and to achieve economies of scale (see A/49/336). The initial step was the establishment of a common administration in Nairobi, to serve initially the United Nations Environment Programme (UNEP) and the United Nations Centre for Human Settlements (Habitat). The United Nations Office at Nairobi was then established on 1 January 1996. In 1998, the Executive Director of UNEP was also appointed as Director-General of the United Nations Office at Nairobi.

2. As set out in Secretary-General's bulletin ST/SGB/2000/13 dated 22 September 2000, the United Nations Office at Nairobi: (a) serves as the representative office of the Secretary-General in Nairobi and performs representation and liaison functions with permanent missions, the host Government and other Governments and intergovernmental and non-governmental organizations in Nairobi; (b) manages and implements the programmes on administration; (c) provides administrative and other support services to UNEP and Habitat; (d) administers joint and common services for other offices of the United Nations system located in Nairobi; and (e) manages the United Nations facilities in Nairobi.

3. One of the organizational units of the Office is the Division of Administrative Services. It is headed by a Chief, who is accountable to the Director-General of the United Nations Office at Nairobi and, within the established delegation of authority, is also responsible to the Under-Secretary-General for Management for ensuring that all regulations, rules and instructions of the Organization pertaining to administration matters are followed.

II. Scope and objectives of the inspection

4. The review of the Office of Internal Oversight Services focused on the administrative, financial management, human resources, security and safety, support and information technology services provided by the Division of Administrative Services to both UNEP and Habitat. The aim was to assess client satisfaction with the present framework for provision of administrative support. The review covered the period from 1996 to the present and examined whether:

(a) The Department of Management had provided clear guidelines on the delegation of authority to the United Nations Office at Nairobi, UNEP and Habitat;

(b) The arrangements for the funding of the United Nations Office at Nairobi were in line with General Assembly resolution 52/220 of 22 December 1997;

(c) There were satisfactory arrangements for the governance and management of the United Nations Office at Nairobi, with respect to delegated authority and funding of services provided;

(d) The organization of the United Nations Office at Nairobi and the administrative functions carried out by it, UNEP and Habitat were in line with the Secretary-General's original intent in establishing the Office;

(e) The arrangements for the administration and cost recovery of services provided by the Division of Administrative Services/United Nations Office at Nairobi were transparent and supported by written agreements clearly explaining the requirements of UNEP and Habitat;

(f) There were adequate arrangements in place for the staffing of the United Nations Office at Nairobi;

(g) Progress was being made in the implementation of prior Office of Internal Oversight Services recommendations pertaining to the Division of Administrative Services/United Nations Office at Nairobi.

III. Methodology

5. The methodology for undertaking the review involved: (a) interviews with senior management and staff in UNEP, Habitat and the United Nations Office at Nairobi, including members of the UNEP and Habitat Committees of Permanent Representatives; (b) the review of relevant General Assembly resolutions and

** The text shown in italics represents the comments of management on the present report.

reports of the Secretary-General and other relevant documents, such as budget documents on the subject; (c) the review of Office of Internal Oversight Services and external audit reports and internal issuances on the strengthening of the administrative and management functions of the United Nations Office at Nairobi; (d) a survey of UNEP, Habitat and the United Nations Office at Nairobi to gauge their satisfaction with the services being provided by the latter; and (e) the use of audit software to support the analysis of data.

IV. Findings

A. Delegation of authority

6. As stated in the note by the Secretary-General, dated 18 August 1999, on administrative issuances on delegation of authority (A/54/257), the basic principles governing delegation of authority from the Secretary-General to other officials of the Organization were set out in Secretary-General's bulletin ST/SGB/151 of 7 January 1976 on administration of the Staff Regulations and the Staff Rules. Administrative instruction ST/AI/234/Rev.1 of 22 March 1989 was issued to clarify, amplify and update the delegation of authority in the administration of the Staff Regulations and of the 100 series of the Staff Rules.[1] Annex IV of the administrative instruction contains a list of all matters within the authority of the heads of departments or offices, both at Headquarters and in the regional commissions and other offices away from Headquarters. The instruction was amended on 14 June 1990 to clarify certain aspects of the authority of the Executive Director of UNEP. It was further amended on 1 February 1999 by administrative instruction ST/AI/1999/1.

7. The adoption, by the General Assembly, of the Secretary-General's programme of reform in resolutions 52/12 B of 19 December 1997 and 52/220 created a new direction for the Department of Management. Under the new management approach, administrative functions were to be delegated and carried out where operations take place to a substantially greater degree than before, leaving central management to concentrate on policy development, guidance and monitoring of compliance. Secretary-General's bulletin ST/SGB/213/Rev.1 of 30 April 1991 restated the authority and role of the Department of Administration and Management and, within that Department, the authority and role of the Office of Programme Planning, Budget and Finance, the Office of Human Resources Management and the Office of General Services. Progressively, the responsibility for certain activities in financial management, personnel management and general services administration has been decentralized by delegating authority to departments and offices at Headquarters and to offices away from Headquarters, in the interest of making their day-to-day operations as prompt and effective as possible.

1. Authority delegated to the United Nations Environment Programme

8. With assistance from the United Nations Office at Nairobi and UNEP, the Office of Internal Oversight Services was able to establish that there had been a history of exchanges between UNEP and Headquarters dating back to the 1980s dealing with efforts to clarify the issue of delegated authority, as follows. In a memorandum to the Director of Internal Audit, dated 20 October 1981, the Assistant Secretary-General for Personnel Services stated that:

(a) At the time UNEP was set up, the Assistant Secretary-General for Personnel Services delegated authority to UNEP to administer UNEP staff under the 100 series of the Staff Rules without distinction. The Executive Director was given the authority to appoint staff in the Professional category from P-1 to D-1 for a fixed term of less than one year, and to appoint all UNEP staff in the General Service category;

(b) In paragraph 9 of the note of the Secretary-General, dated 19 October 1973 on the administrative arrangements relating to the Environment Fund administered by UNEP (A/C.5/1505/Rev.1), to the Executive Director was further delegated authority for administering, in the name of the Secretary-General, the Staff Regulations and Staff Rules in respect of staff paid from the Fund. This included the appointment and promotion of staff paid from the Fund, for which an established Appointment and Promotion Board would advise the Executive Director. The Board would have a composition, functions and procedures generally comparable to those of the Headquarters Appointment and Promotion Board. The staff would be recruited specifically for service with UNEP and movement of staff between UNEP and other parts of the Secretariat would be subject to the same conditions and

arrangements as applicable to staff serving with voluntary programmes of the United Nations;

(c) The authority delegated was reflected in annex V of administrative instruction ST/AI/234 of 7 January 1976, conferring authority to offices away from Headquarters, including UNEP;

(d) In 1977, appointment and promotion committees were established, in accordance with administrative instruction ST/AI/242, in offices away from Headquarters in respect of appointments and promotions at the P-1 to P-4 levels. One of these committees was established in UNEP, with regard to staff appointed for service with the Secretariat but not paid from the Environment Fund. This covered both regular budget posts and posts funded from extrabudgetary resources other than the Environment Fund. Appointments and promotions of staff of Habitat were to be submitted directly to the Appointment and Promotion Committee/Appointment and Promotion Board at Headquarters.

9. In a memorandum to the Chief of Staff of the Office of the Secretary-General, dated 18 March 1992, the Office of Human Resources Management sought to further clarify the basic instruments of delegation of authority in personnel matters to a number of United Nations agencies, including UNEP and Habitat. The Office indicated in the memorandum that:

(a) UNEP, which was established by the General Assembly in 1972, had two components of staff: those on posts financed from the regular budget, and those on posts financed from the Environment Fund, whose appointments were limited to service with the Fund;

(b) The Executive Director, who is elected by the General Assembly on the nomination of the Secretary-General, was delegated wide authority over Fund staff. However, the Executive Director of UNEP did not have authority to appoint or to extend an appointment at any level to a post funded against the United Nations regular budget. This was subsequently amended by a letter from the Under-Secretary-General for Management in 1998, in which it was stated that all heads of departments had delegated authority to extend fixed-term regular budget appointments up to two years;

(c) Appointment and promotions of UNEP staff on regular budget posts, up to the P-4 level are reviewed by the UNEP Appointment and Promotion Committee, which reports to the Appointment and Promotion Board at Headquarters. Candidates for posts at the P-5 and D-1 levels are directly reviewed by the Appointment and Promotion Board at Headquarters;

(d) Staff on posts paid from the Fund cannot be transferred to regular budget posts, whether in UNEP or other Secretariat units;

(e) Administrative instruction ST/AI/234/Rev.1/Amend.1, on administration of the Staff Regulations and Rules, expressly reserves for the Secretary-General the authority to appoint staff members at the D-2 level, regardless of the source of funding, and to extend such appointments for one year or more.

10. In another memorandum, dated 21 November 1996, the Rules and Regulations Unit in the Office of Human Resources Management provided its understanding of the respective responsibilities of the United Nations Office at Nairobi, UNEP and Habitat. It said that the issue of delegated authority was complicated by the fact that, notwithstanding the establishment of the United Nations Office at Nairobi, both UNEP and Habitat retained their distinct and separate management direction. It cited General Assembly resolution 48/176 of 21 December 1993, in which the Assembly requested the Secretary-General to ensure that UNEP and Habitat were kept under distinct and separate management and direction, in accordance with their mandates and activities. With specific regard to UNEP, the Rules and Regulations Unit advised that UNEP retain a wide delegation of authority, as provided for in the note of the Secretary-General (A/C.5/1505/Rev.1). This had been reinforced by Secretary-General's bulletin ST/SGB/188, dated 1 March 1982, on the establishment and management of trust funds, according to which the Environment Fund was subject to the administrative authority of its Executive Head.

11. The Office of Internal Oversight Services learned that UNEP had its own financial rules and regulations pertaining to the use of the Environment Fund and that the Executive Director of UNEP had full authority for all write-offs from the Fund. In addition, financial rule 110.16 gives the Executive Director of UNEP full authority for purchasing and entering into contracts when the Environment Fund is used.

2. Authority delegated to the United Nations Centre for Human Settlements

12. In consultation with the United Nations Office at Nairobi and Habitat, the Office of Internal Oversight Services established that there was little documentation dealing directly with the delegated authority to Habitat. However, some of the documentation referred to in the section on UNEP made reference to Habitat. The following references are particularly relevant:

(a) The Office of Human Resources Management memorandum dated 18 March 1992 indicated that Habitat had its own financial regulations and rules, which are promulgated by the Secretary-General, and its own appointment and promotion committees. The memorandum also indicated that no specific delegation of authority to the Executive Director of Habitat was found, except for the application of administrative instruction ST/AI/234/Rev.1, dated 22 March 1989 on the administration of the Staff Regulations and Staff Rules;

(b) The Rules and Regulations Unit, in another memorandum, advised that the General Assembly had contemplated some degree of delegation of authority for Habitat in its resolution 32/162 of 19 December 1977. The resolution provided that the Executive Director of Habitat would be responsible for the management of the Centre, including its posts and budgetary resources for Housing, Building and Planning of the Department of Economic and Social Affairs of the Secretariat; the appropriate section of the Division of Economic and Social Programmes of UNEP directly concerned with human settlements, subject to certain exceptions; the United Nations Habitat and Human Settlements Foundation; and selected posts and associated resources from relevant parts of the Department of Economic and Social Affairs. The Rules and Regulations Unit reiterated that there was no specific delegation of authority from the Secretary-General, other than the delegations of authority set out in administrative instruction ST/AI/234/Rev.1, which were regarded as applicable to Habitat.

13. The Office of Internal Oversight Services also found that in a memorandum dated 15 September 1988, the Legal Counsel had noted that the General Assembly, in its resolution 3327 (XXIX) of 16 December 1974 establishing the Habitat Foundation, had charged the Executive Director of UNEP with the responsibility, under the authority and guidance of the UNEP Governing Council, for administering the Foundation and providing the technical and financial services related to that institution. By General Assembly resolution 32/162, Habitat was established as a separate organization with its own Executive Director, who was given the responsibility to administer the Habitat Foundation and to exercise the functions previously performed by the Executive Director of UNEP. This resolution was reinforced by Secretary-General's bulletin ST/SGB/188, on the establishment and management of trust funds, which stipulated that the Habitat Foundation was subject to the administrative authority of the Executive Director of Habitat.

14. The Executive Director of Habitat sought clarification on the subject from the Department of Management during a visit to United Nations Headquarters in March 2001. The Office of Internal Oversight Services was informed by Habitat that the Department of Management had reaffirmed that the Executive Director had full delegated authority for both the Habitat Foundation and the establishment and management of the technical cooperation trust funds of Habitat. The Department of Management advised that the Executive Director could independently decide on further delegation of authority to the United Nations Office at Nairobi, but cautioned against creation of parallel structures.

3. Authority delegated to the United Nations Office at Nairobi

15. The Office of Internal Oversight Services also learned that when the United Nations Office at Nairobi was established, the Department of Management did not provide it with documentation specifically outlining its delegated authority. It was noted that authority delegated to offices away from Headquarters was laid out primarily in administrative instruction ST/AI/234/Rev.1, as amended (ST/AI/1999/1). The Office of Internal Oversight Services established that this administrative instruction was the only official United Nations document which provided the United Nations Office at Nairobi with any form of guidelines regarding responsibility for administration of the Staff Regulations and Staff Rules, while the Financial Regulations and Rules of the United Nations provide further guidance with respect to procurement and financial management. In addition to these basic

administrative instructions, the United Nations Office at Nairobi has been delegated authority for the following:

(a) Classification of the United Nations Office at Nairobi, UNEP and Habitat Professional posts up to and including the P-4 level, and General Service posts GS-1 to GS-6 granted by the Assistant Secretary-General for Human Resources Management in 1996. In 1997, the delegation was expanded to include all General Service posts outside Nairobi where United Nations Headquarters was not present, and administrative instruction ST/AI/1998/9 further expanded the authority to include the GS-7 level;

(b) Telegraph and/or letter payment requests granted by the Controller in 1996;

(c) Approval and management of programme support costs granted by the Controller in 1998;

(d) Issuance of extrabudgetary allotments for the United Nations Office at Nairobi granted by the Controller in 1998.

16. With respect to the delegation of authority from UNEP and Habitat to the United Nations Office at Nairobi, the latter advised the Office of Internal Oversight Services that, being the successor of the administrative divisions of UNEP and Habitat, its Administration had "inherited" all the administrative functions of its predecessors. However, no documentation was issued to explain the delegated authority that UNEP and Habitat had transferred to the United Nations Office at Nairobi. In the case of the general provision of services, both UNEP and Habitat refer to Secretary-General's bulletin ST/SGB/2000/13, which deals with the organization of the United Nations Office at Nairobi and its responsibility to provide such services to UNEP and Habitat.

17. With regard to specific services provided by the United Nations Office at Nairobi to UNEP, the Office of Internal Oversight Services noted that the involvement of the Office in appointment-related personnel matters was clearly set out in a standard operating procedure issued in October 1999 by the Executive Director of UNEP. The Office of Internal Oversight Services was further provided with documentation which established that UNEP had granted the United Nations Office at Nairobi the following specific delegations:

(a) Procurement authority through the Local Committee on Contracts (1997);

(b) Management of the UNEP budget and contributions (1998);

(c) Management of the staffing table (1998);

(d) Management of the Environment Fund and trust funds (1998);

(e) Certifying authority for all UNEP resources (1998);

(f) Coordination and implementation of audit (1998);

(g) Provision of administrative support and advice to the Programme and Convention secretariats (1998).

18. As a result of the above, UNEP transferred responsibility for all aspects of budgetary and financial matters to the United Nations Office at Nairobi. This issue was discussed in the Office of Internal Oversight Services report on UNEP (A/54/817), in which it was indicated that several programme managers complained that the move of the Budget and Fund Management Service to the United Nations Office at Nairobi had complicated rather than facilitated administration and budgetary processes. The Office of Internal Oversight Services recommended that UNEP should review the transfer of the Fund management to the United Nations Office at Nairobi to assess whether or not there had been any advantages and to identify areas in which close collaboration and the sharing of information between Fund management and programme planning, could be improved. The Office of Internal Oversight Services noted that this recommendation had not been addressed. During the course of the inspection, the Executive Director of UNEP informed the Office of Internal Oversight Services that the main reason for the transfer of responsibility for all budgetary and financial matters to the United Nations Office at Nairobi was to streamline administrative processes. He stated that, as far as UNEP was concerned, the arrangement was currently working satisfactorily.

19. The Office of Internal Oversight Services established that, in the case of Habitat, the Executive Director of Habitat had granted specific procurement authority to the United Nations Office at Nairobi through the Local Committee on Contracts in 1997. With this exception, the Office of Internal Oversight

Services found no other delegation to the United Nations Office at Nairobi by Habitat.

20. The Office of Internal Oversight Services noted that the Office of Human Resources Management had endeavoured, on numerous instances, to clarify the authority delegated to UNEP and Habitat in the context of the existing delegation of authority to offices away from Headquarters, as set out in the relevant administrative instruction and General Assembly resolution. The Office of Programme Planning, Budget and Accounts had delegated financial authority as indicated in the preceding paragraphs. However, the authority delegated to UNEP and Habitat was not embodied in a single document and did not clearly spell out the authority of the United Nations Office at Nairobi administration vis-à-vis UNEP and Habitat. For the sake of efficiency and clarity, and taking into account the fact that five years have elapsed since the establishment of the United Nations Office at Nairobi, the Office of Internal Oversight Services is of the view that Habitat should be delegated the same authority as UNEP, and that separate administrative instructions reflecting the delegated authority should be issued for each entity.

B. Funding of the United Nations Office at Nairobi from the United Nations regular budget

21. The General Assembly, in its resolution 52/220, requested the Secretary-General to bring the funding arrangements of the United Nations Office at Nairobi in line with the other United Nations offices in Geneva and Vienna. In response, the Secretary-General made a commitment to increase gradually the regular budget component of the United Nations Office at Nairobi budget. The Office of Internal Oversight Services noted that the budget for the biennium 2000-2001 provides for an increase of $1.8 million, or 15.1 per cent, to the regular budget component of the United Nations Office at Nairobi over the 1998-1999 appropriations. The further strengthening of the regular budget component of the United Nations Office at Nairobi is reflected in the proposed programme budget for the biennium 2002-2003, which will be considered by the General Assembly at its fifty-sixth session. For the Division of Administrative Services alone, the level of resources reflects an increase in the regular budget component under section 27G in the amount of $979,500 or 9.7 per cent over the 2000-2001 adjusted revised appropriation. This increase includes the establishment of 10 new posts under the regular budget to provide administrative services that would otherwise have to be financed from the extrabudgetary resources of UNEP and Habitat. The United Nations Office at Nairobi administration has pointed out that *even with the proposed increase, the regular budget share of its funding is still only around 50 per cent, whereas the administrative divisions in the United Nations Office at Geneva and the United Nations Office at Vienna enjoy 85 and 90 per cent shares of the regular budget, respectively*. Given the special situation of the United Nations Office at Nairobi as the only headquarters location of the United Nations in Africa and in the developing world, it should continue to make a case during programme budget presentations for increased regular budget funding for improvements in information technology, work environments/offices, and funding of staff training. The Director-General *fully supported this conclusion, but pointed out that, like all United Nations departments, the United Nations Office at Nairobi input is made only at the initial stage of the budget formulation, with the final budget proposals decided by the authorities at Headquarters*. He further explained that *with regard to areas requiring priority consideration for increased regular budget funding, the United Nations Office at Nairobi had been consistently aiming at reducing the resource requirements funded from extrabudgetary resources of UNEP and Habitat*.

C. Organization and management

1. Establishment of the United Nations Office at Nairobi

22. The Office of Internal Oversight Services looked at the extent to which the United Nations Office at Nairobi had been properly established under United Nations regulations and rules. It found, and the Office confirmed, that the approval by the General Assembly of its budget in its resolution 50/215 of 23 December 1995, seems to constitute the only official pronouncement by the Assembly on the creation of the United Nations Office at Nairobi. The only other reference made available to the Office of Internal Oversight Services was the report of the Secretary-General to the General Assembly on the restructuring of the United Nations Secretariat (A/49/336). In that

document, the Secretary-General expressed the desire to strengthen the United Nations presence at Nairobi and, as an initial step, to establish a common administrative services unit to serve all Secretariat functions at the duty station.

23. The Office of Internal Oversight Services established that both the Commission for Human Settlements and the UNEP Governing Council had endorsed the creation of the United Nations Office at Nairobi. In its decision 18/43 of 25 May 1995, the UNEP Governing Council agreed to the transfer of some staff to enable the creation of the Office as envisaged by the Secretary-General. In that decision the Governing Council also stated that the Secretary-General should explore the possibility of providing the subsequent budget for the United Nations Office at Nairobi on a basis comparable to that used for other United Nations headquarters. The Commission on Human Settlements, in its decision 15/18 of 1 May 1995 on the Habitat budget, had earlier agreed to the transfer of some staff to the United Nations Office at Nairobi.

2. Organizational structure of the United Nations Office at Nairobi

24. The Office of Internal Oversight Services examined the basis for organizational changes within the United Nations Office at Nairobi. Following the announcement by the Secretary-General in the General Assembly and the subsequent decisions by their governing bodies, UNEP and Habitat set up a task force which established in January 1996 a common administrative support services unit comprising an Under-Secretary-General, a Chief of Administration, a United Nations Security Coordinator, and separate sections for personnel, finance, support services, conference services and electronic services. The structure was first embodied in a Secretary-General's bulletin in December 1999 (ST/SGB/1999/20). It reflected an organizational structure that comprised an Office of the Director-General, a United Nations information centre and a Division of Administrative Services responsible for the services established by the task force. The bulletin was further revised in September 2000 (ST/SGB/2000/13), separating Conference Services from the Division of Administrative Services and establishing it as an independent unit directly responsible to the Director-General. The United Nations Office at Nairobi explained that the latest Secretary-General's bulletin brings it closer in structure and mandate to the United Nations Office at Geneva and the United Nations Office at Vienna, consistent with what was envisaged by the Secretary-General in his report (A/49/336) and the intention of the General Assembly to put the funding of the United Nations Office at Nairobi in line with that of the United Nations offices in Geneva and Vienna.

25. The Director-General highlighted that *reporting lines of the United Nations Office at Nairobi Administration are clearly stated in paragraph 6.1 of the Secretary-General's bulletin.* However, the Office of Internal Oversight Services found that although the role and mandate of the United Nations Office at Nairobi are set out therein, at the time of the inspection there appeared to be confusion as to the practical functional responsibilities and reporting lines of the United Nations Office at Nairobi Administration with respect to UNEP and Habitat. Habitat, in particular, emphasized the need to strengthen United Nations Office at Nairobi responsibility and accountability as a service provider.

3. Role and mandate of the Director-General of the United Nations Office at Nairobi

26. The Office of Internal Oversight Services reviewed the extent to which the Director-General of the United Nations Office at Nairobi had been provided with a clear role and mandate.

27. As stated earlier, the decision of the Secretary-General to establish the United Nations Office at Nairobi was communicated to the Executive Directors of UNEP and Habitat in a memorandum from the Under-Secretary-General for Administration and Management, dated 29 November 1994. Subsequently, UNEP and Habitat convened a task force that was requested to prepare a plan for the establishment of the Office. The task force stated that the United Nations Office at Nairobi would be headed at the Under-Secretary-General level by the highest-ranking official in the duty station. In a 1998 press release, the Secretary-General announced that the Executive Director of UNEP would also be the Director-General of the United Nations Office at Nairobi. This was confirmed by the Department of Management when the Executive Director of Habitat visited Headquarters in March 2001 and sought clarification in respect of her delegated authority. During the course of the

inspection, the Director-General requested the Office of Internal Oversight Services to assist in clarifying, confirming and formalizing the authority of the Director-General. The Office of Internal Oversight Services confirmed, after consultation with the Department of Management, that the Director-General's responsibility is as officially and formally defined in Secretary-General's bulletin ST/SGB/2000/13, in which it is stated that "the Director-General is responsible for all activities of the United Nations Office at Nairobi and serves as the representative of the Secretary-General" and, among other things, "provides executive direction and management to the programmes of administration and conference services, as well as the United Nations information centre". This responsibility was reaffirmed in a recent discussion between the Director-General and the Department of Management. It is also understood that the role of the Director-General is distinct and separate from that of the Executive Director of UNEP, whose responsibilities are embodied in the Secretary-General's bulletin on UNEP (ST/SGB/1999/21).

4. Responsibility for the United Nations Office at Nairobi in the absence of the Director-General

28. During meetings with the Office of Internal Oversight Services, concern was expressed by the respective Committees of Permanent Representatives regarding the responsibility for managing the United Nations Office at Nairobi during the absences of the Director-General from Nairobi. Records show that, owing to his concurrent responsibility as Executive Director of UNEP and consequent demanding mission travel schedule, the Director-General of the United Nations Office at Nairobi was present in Nairobi for an average of one week during any one-month period in 2000. The Office of Internal Oversight Services was informed that when the Director-General was away, there was an agreement with the Chief of the Division of Administrative Services on the degree of delegated authority for decisions on the Director-General's behalf, and an established system of communications and follow-up between the Director-General, the Office of the Director-General, and the Chief of the Division. However, the Office of Internal Oversight Services found that those arrangements were neither formalized, nor explained to the United Nations Office at Nairobi, UNEP and Habitat staff. Thus, although the role and mandate of the Director-General were set out in Secretary-General's bulletin ST/SGB/2000/13, there was no formal arrangement to handle the representational duties as stated in that bulletin, in his absence. Furthermore, it was important to clarify to UNEP and Habitat who should be held accountable for the delivery of services in the absence of the Director-General.

5. Role and mandate of the Chief, Division of Administrative Services

29. The Office of Internal Oversight Services reviewed the extent to which the Chief of the Division of Administrative Services had been provided with a clear role and mandate. Secretary-General's bulletin ST/SGB/2000/13 stipulates that the Chief of the Division is accountable to the Director-General of the United Nations Office at Nairobi and, within the established delegation of authority, is also responsible to the Under-Secretary-General of the Department of Management for ensuring that all regulations, rules and instructions of the Organization pertaining to administrative matters are followed. The bulletin further indicates that the Chief of the Division, like other directors of administration and executive officers, is accountable first and foremost to the head of department as a partner in administration for programme implementation. He is also accountable, within the established delegation of authority, to the central administration for the appropriate utilization of human and financial resources. The core functions of the Division for Administrative Services listed in the Secretary-General's bulletin include the provision of administrative and other support services to UNEP and Habitat. The role and mandate of the Chief of the Division are clearly spelled out in the bulletin. However, it became evident during interviews with relevant staff and officials in Nairobi that there was a need to define the reporting lines and level of accountability with respect to UNEP and Habitat.

30. From 1998 until the latter part of 2000, the Director-General and Executive Director of UNEP was also Acting Executive Director of Habitat. In September 2000, an Executive Director for Habitat was appointed. Questions have arisen regarding the reporting line for the Chief of the Division of Administrative Services. The Executive Director of Habitat sought clarification from the Department of Management during her visit to Headquarters in early 2001 and was informed by the Under-Secretary-

General for Management that the Chief of the Division should be considered as the Chief of Administration for all matters pertaining to Habitat. As stated above, this point was made clear in Secretary-General's bulletin ST/SGB/2000/13 and is further underscored in the introductions to the United Nations Office at Nairobi biennial budgets presented to the General Assembly. In this respect, it is incumbent upon the Chief of the Division of Administrative Services to provide full support to the Executive Director of Habitat in the implementation of her management reforms. He should also take the necessary measures to correct the prevailing perception within Habitat, and conveyed to the Office of Internal Oversight Services, that, as the smaller entity in Nairobi, it is being given "less favoured" treatment. The Director-General of the United Nations Office at Nairobi responded that *as far I am aware, the Chief of DAS was lending to Habitat management full support within his terms of reference and to the extent requested by Habitat. Obviously, the level of his involvement in administration of Habitat, which has its own executive office (Programme Support Division), is more limited than in the case of UNEP for which the United Nations Office at Nairobi Administration performs responsibilities both of common administrative services provider and of an executive office.*

31. However, the fact remains that it is the Director-General of the United Nations Office at Nairobi who is accountable to the Secretary-General and is responsible for all (emphasis added) activities of the Office. As the Division of Administrative Services is a component of the United Nations Office at Nairobi, the direct reporting line of the Chief of the Division is to the Director-General, who should be made aware on a regular basis of the activities the Chief of the Division is undertaking in the performance of his duties. The Director-General would also ensure that the services delivered to all clients, in particular Habitat, as the other major client of the United Nations Office at Nairobi, are satisfactory and meet its needs. The Office of Internal Oversight Services would emphasize that, as a support service, the Office's primary function is to facilitate the implementation of the mandated programmes of UNEP and Habitat. This arrangement is analogous to the relationship of the offices of the Department of Management to the Under-Secretary-General for Management. The heads of the Office of Human Resources Management and the Office of Programme Planning, Budget and Accounts are responsible for the delivery of high-quality services to client departments, but their direct reporting line and accountability is to the Under-Secretary-General for Management, who has overall responsibility for the services rendered by the offices under his jurisdiction. In line with principles of sound management, the Director-General of the United Nations Office at Nairobi would consult the Executive Director of Habitat when drawing up the work plans and evaluating the performance of the Chief of the Division of Administrative Services, vis-à-vis his clients.

6. United Nations Office at Nairobi accountability to the United Nations Centre for Human Settlements and the United Nations Environment Programme

32. Given the fact that the raison d'être of the United Nations Office at Nairobi is to provide services to UNEP and Habitat, the management of both organizations conveyed to the Office of Internal Oversight Services the view that the United Nations Office at Nairobi needed to be made more accountable. Particular mention was made of the fact that UNEP and Habitat together fund about 50 per cent of the budget of the United Nations Office at Nairobi. The Office of Internal Oversight Services therefore reviewed what accountability mechanisms were in place and discussed with the management of UNEP, Habitat and the United Nations Office at Nairobi how accountability might be improved.

33. The Office of Internal Oversight Services established that, in July 1999, the Executive Director of UNEP, in his capacity as Director-General of the United Nations Office at Nairobi, had decided to establish a Management Board to assist him with the overall planning and coordination of the Office. The objectives were to:

(a) Ensure full coordination of the management and planning of the United Nations Office at Nairobi with the requirements and priorities of its main clients;

(b) Be informed of progress in the implementation of the work plan of the United Nations Office at Nairobi;

(c) Identify and be advised of key issues and ensure the existence of an effective plan, with clear allocation of responsibilities, for the solution of such issues;

(d) Ensure that effective and efficient administrative services were supporting the programmes;

(e) Monitor progress in the ongoing reviews of administrative services.

34. The Board met between October 1999 and February 2000, after which concerns about clarification of the terms of reference surfaced, and no further meetings were organized. In a memorandum to the Executive Director of UNEP dated July 2000, the Deputy Executive Director of UNEP laid out the basic areas of disagreements which had prevented the smooth functioning of the Board. The memorandum indicated that, while the Chief of the Division of Administrative Services was of the view that the Board should be a forum to discuss common issues, both the Deputy Executive Director of Habitat and the Deputy Executive Director of UNEP believed that it should be a forum to discuss the level, type, quality and cost of services, which the United Nations Office at Nairobi provides to UNEP and Habitat. The Office of Internal Oversight Services could not find any evidence of a reply to the memorandum.

35. The Office of Internal Oversight Services established that there were no formal accountability mechanisms in place at the time of the review. As such, the Office of Internal Oversight Services discussed with the UNEP, Habitat and United Nations Office at Nairobi management what their expectations were. The UNEP management favoured a forum that would allow for a consultative process between the United Nations Office at Nairobi, UNEP and Habitat in arriving at solutions to problems of common interest. The Habitat management, on the other hand, was of the opinion that a Board which would give it an opportunity to be more directly involved in the decision-making process of the United Nations Office at Nairobi should be established. For its part, the United Nations Office at Nairobi was of the view that a forum should be created to allow it the opportunity of responding to any queries from UNEP and Habitat without being a direct member of the Board.

D. Relationship of the United Nations Office at Nairobi with the governing bodies of the United Nations Environment Programme and the United Nations Centre for Human Settlements

36. The Office of Internal Oversight Services was informed that the United Nations Office at Nairobi Administration currently provides three types of services to Member States, namely: (a) support to meetings of governing bodies; (b) provision of services to members of diplomatic missions; and (c) provision of services to UNEP and Habitat utilizing regular budget funds and the funds provided by their governing bodies. In connection with the latter, the United Nations Office at Nairobi Administration is also accountable to both governing bodies, inasmuch as they approve allocations from their respective general funds for their shares in extrabudgetary resource requirements for administrative services provided to UNEP and Habitat. The Office of Internal Oversight Services met with Committee of Permanent Representatives members in order to gauge their level of satisfaction with (b) and (c) above.

1. Services provided to members of diplomatic missions

37. The United Nations Office at Nairobi provides the staff of diplomatic missions with the following services: United Nations Commissary, petrol station and gift shop, as well as advice on security matters when requested. Members of the Committee of Permanent Representatives said that they were generally appreciative of being able to use those services and expressed the wish to avail themselves of other services, such as the Internet and telecommunications. However, they regretted that there was no forum for them to discuss their needs with the United Nations Office at Nairobi, and expressed their willingness to pay for any services they might want the Office to provide. In this connection, the United Nations Office at Nairobi should take the initiative to determine the best manner in which to address the Committee's concerns. The Committee members further noted that, unlike in Geneva, where Member States were accredited to the United Nations Office at Geneva, they were not accredited to the United Nations Office at Nairobi. The OIOS was informed that it was

for this reason that the United Nations Office at Nairobi was not providing arriving diplomats with any "welcome" information kits or packages explaining the Office's role, the nature of its activities, and what role the missions should play in their relations with it.

38. As stated in Secretary-General's bulletin ST/SGB/2000/13, the United Nations Office at Nairobi serves as the representative office of the Secretary-General in Nairobi and performs representation and liaison functions with permanent missions, the host Government and other Governments and intergovernmental and non-governmental organizations in Nairobi. The Office of Internal Oversight Services concluded that the present relationship between the United Nations Office at Nairobi and the diplomatic missions did not reflect this statement and that the situation should be reviewed. The Office of Internal Oversight Services also found that the members of diplomatic missions were not informed with regard to the role and responsibilities of the United Nations Office at Nairobi and their relationship with it.

2. Information provided to governing bodies of the United Nations Environment Programme and the United Nations Centre for Human Settlements

39. Considering that UNEP and Habitat fund around 50 per cent of the budget of the United Nations Office at Nairobi, the Office of Internal Oversight Services reviewed the level of involvement of the UNEP and Habitat governing bodies in the formulation and execution of the Office's budget.

40. The Office of Internal Oversight Services met with the members of the Committee of Permanent Representatives for Habitat and UNEP in April 2001. The Committee was aware that the budget of the United Nations Office at Nairobi (contained in document A/54/6/Rev.1) was a subsection of the budget for administrative services headed by the Under-Secretary-General for Management, and is formulated under the guidance of the Director-General of the United Nations Office at Nairobi and the Under-Secretary-General for Management. In response to queries concerning the management of the United Nations Office at Nairobi, the Office of Internal Oversight Services cited the provisions of Secretary-General's bulletin ST/SGB/2000/13.

41. The Committee of Permanent Representatives was concerned about the fact that the budget of the United Office at Nairobi was not formulated with the direct involvement of either the UNEP or Habitat governing body. The representatives felt that there should be some formal mechanism to allow them to have an input into the budgeting process of the Office, given the degree of funding provided by both UNEP and Habitat. They also expressed the desire to exercise a high degree of involvement in the oversight of the extrabudgetary portion of the budget. Committee members informed the Office of Internal Oversight Services that representatives of the United Nations Office at Nairobi participated in their meetings when requested. However, the Committee believed that there was scope for the United Nations Office at Nairobi to meet with them on a regular basis, to discuss issues relating to the financial resources their Governments were providing to the Office. The Committee also felt that there was a need for the United Nations Office at Nairobi to provide them with regular management reports to facilitate their assessment of the overall performance of the Office in providing timely and quality services to UNEP and Habitat.

42. In discussions with senior management in the United Nations Office at Nairobi, the Office of Internal Oversight Services was informed that the Office had made attempts in the previous biennium to involve members of the Committee of Permanent Representatives in the budget preparation process, but that those attempts had not been very successful. The Office further pointed out that the draft budget was always published and available for comment and that the Office remained available, as it has always been, to answer to the best of its ability, specific questions any Committee member might have. During a subsequent meeting between the Office of Internal Oversight Services and the Director-General of the United Nations Office at Nairobi, the latter agreed to implement a schedule of quarterly meetings with Committee members as a forum for listening to the concerns of Member States, sharing information and rendering the work of the Office more transparent. It should be noted that the first informal joint meeting of members of the Committees for UNEP and Habitat was held on 25 May 2001. All representatives expressed their satisfaction at being provided with a forum to discuss matters related to the United Nations Office at Nairobi.

E. United Nations Environment Programme and United Nations Centre for Human Settlements oversight of the services provided by the United Nations Office at Nairobi

1. Service delivery

43. The Office of Internal Oversight Services examined the organizational arrangements and issued questionnaires, to determine the extent of oversight by UNEP and Habitat of the services provided by the United Nations Office at Nairobi, and found that neither had put in place satisfactory arrangements for monitoring service delivery. The OIOS noted that Secretary-General's bulletin ST/SGB/1999/21 on the organizational structure of UNEP and Secretary-General's bulletin ST/SGB/1999/22 on that of Habitat refer to the respective Offices of the Executive Directors as having the responsibility for liaising with the United Nations Office at Nairobi on matters of mutual interest. The bulletin on Habitat also refers to the responsibility of the Programme Support Division for coordinating the Centre's collaboration with United Nations agencies. The Office of Internal Oversight Services found no other documentation dealing with responsibility for monitoring satisfactory delivery of services by the United Nations Office at Nairobi. Given the absence of any such documentation, the Office of Internal Oversight Services asked whether there were any internal procedures explaining to staff the respective roles and responsibilities of the organization and UNON. It also asked the United Nations Office at Nairobi, UNEP and Habitat whether they had appointed any focal points for dealing with such matters.

44. The review of responses to questionnaires indicated that, while UNEP and Habitat have identified some focal points for some of the services provided by the United Nations Office at Nairobi, there are very few areas where the roles, responsibilities and procedures for these focal points have been established. The United Nations Office at Nairobi pointed out that the respective chiefs within the Division of Administrative Services are the logical focal points for services provided within their terms of reference. The authority of those chiefs of services is set out in descriptions of the mandates of the respective services (see the web site: www.unon.org).

2. Service agreements

45. In its report on UNEP (A/54/817), the Office of Internal Oversight Services recommended that the United Nations Office at Nairobi and UNEP clarify the services to be provided. Furthermore, the Office of Internal Oversight Services has recommended in several audit reports the need to establish agreements between UNEP, Habitat and the United Nations Office at Nairobi, which clarified what services were required and who would provide them.

46. Based on responses to the questionnaire, the Office of Internal Oversight Services noted that little progress had been made in establishing the service requirements of both UNEP and Habitat. It also noted that there were several discrepancies among UNEP, Habitat and the United Nations Office at Nairobi on descriptions of services provided, which in turn, indicated that there was no clear understanding on what each entity expected of the Office. Furthermore, responses to questions on what services had been retained or should have been retained in UNEP and Habitat demonstrated that clarifications were required as to which functions related to planning and management of resources should be retained in UNEP and Habitat, and which functions should be with the United Nations Office at Nairobi for the provision and execution of services.

47. The Office of Internal Oversight Services concluded that the unclear situation was a result of the historical evolution of the United Nations Office at Nairobi. The understanding seemed to have been that the Office would take over responsibilities previously undertaken by the administrative services of UNEP and Habitat and thus, could be seen as an extension of UNEP and Habitat. The Office of Internal Oversight Services emphasized to all three entities the need to define services and to draw up detailed service agreements with the United Nations Office at Nairobi. In this connection, the Office of Internal Oversight Services cited the steps taken by the Division of Administration of the United Nations Office at Geneva to develop service agreements with its clients in Geneva, within the context of the common services it provides to United Nations agencies.

48. The Director-General of the United Nations Office at Nairobi concurred with the view of the Office of Internal Oversight Services that there was a need for service agreements in the light of the present situation,

and instructed the Office to undertake a full analysis of the services it provides. He further informed the Office of Internal Oversight Services that most of the work in preparation for those agreements had already been accomplished within the framework of the Working Group of UNEP, Habitat and the United Nations Office at Nairobi on the formulae for reimbursement of costs of United Nations Office at Nairobi administrative services. The Working Group had, in effect, already negotiated most elements of service agreements. Once the final recommendations of the Working Group were approved by the Executive Directors of UNEP and Habitat, the United Nations Office at Nairobi would be in a position to finalize draft service agreements that would enter into force as of 1 January 2002. In addition, the United Nations Office at Nairobi Administration was currently in the process of formalizing a number of common and shared services agreements with offices of other United Nations agencies and programmes in Nairobi.

3. Cost of services

49. The Office of Internal Oversight Services also reviewed what action had been taken to establish the cost of United Nations Office at Nairobi services to UNEP and Habitat and asked UNEP and Habitat whether the Office had provided them with cost information on the services provided. Both UNEP and Habitat could only cite an initiative taken by the United Nations Office at Nairobi, which dealt with the cost-sharing of United Nations Office at Nairobi administrative expenses. The Office of Internal Oversight Services was able to establish that, indeed, the Office had set up a task force to develop a cost-sharing model for the Nairobi duty station. In a task force report to the Deputy Executive Director of UNEP, the Acting Executive Director of Habitat and the Chief of Conference Services, dated November 2000, the Chief of the Division of Administrative Services stated that the cost of core services (financial, personnel and support) could be shared and that information technology, security and safety and joint medical costs could be continued under a direct billing system. A working group prepared a final report on the subject in January 2001 for implementation in the biennium 2002-2003, if approved by the heads of both UNEP and Habitat. The Office of Internal Oversight Services was informed that *so far, only UNEP had approved the report of the working group. Habitat's response was pending in the Programme Support Division for further discussions with UNEP management regarding the sharing of costs of some services. Once agreement was reached, the final recommendations of the working group would be submitted to the Executive Directors of UNEP and Habitat.*

50. The United Nations Office at Nairobi Administration needs to ensure that the work already undertaken by the working group with regard to service agreements is linked to costs, in order to ensure that UNEP and Habitat fully agree that costs have been made clear to them.

4. Client satisfaction

51. The Office of Internal Oversight Services reviewed the present status of client satisfaction with the services provided by the United Nations Office at Nairobi and what had been done to systematically gauge these views. It recommended in its report on UNEP (A/54/817) that client-feedback mechanisms be institutionalized to assess client satisfaction with the services being provided. A review of compliance with this recommendation indicated that some service units in the United Nations Office at Nairobi, such as the Human Resources Management Service and the Information Technology Service, had already taken steps to carry out a full analysis of the services they provide, including the costs of those services. The Office of Internal Oversight Services was not provided any further information indicating that other services were planning to do the same, or that plans had been developed for conducting surveys systematically.

52. The Office of Internal Oversight Services noted that, in compliance with its above-mentioned report on UNEP, the United Nations Office at Nairobi, as a whole, had agreed to the establishment of a technical-level "customer service committee" as a forum for responding to questions or queries related to the services it provides. However, at the time of the inspection, the committee had not been established.

53. In the absence of information on client satisfaction, the Office of Internal Oversight Services reviewed the extent to which UNEP and Habitat were satisfied with the services provided by the United Nations Office at Nairobi, which was also requested to rate itself and to comment on the quality of information provided by UNEP and Habitat. The results are summarized in table 1 below.

Table 1
Survey on client satisfaction, United Nations Office at Nairobi self-evaluation and evaluation of UNEP and Habitat

Service	*UNEP on UNON*	*UNON self-assessment on services to UNEP*	*UNON on requests from UNEP*	*Habitat on UNON*	*UNON self-assessment on services to Habitat*	*UNON on Habitat requests*
Human Resources Management Service	2.9	2.5	2.2	2.1	2.0	1.6
Budget and Financial Management Service	2.7	3.0	3.0	3.0	3.0	3.0
Support Services Service	1.9	3.0	3.0	2.3	3.0	3.0
Information Technology Service	2.7	3.0	3.0	2.5	3.0	3.0
Security and Safety Section	4.0	3.0	N/A	3.0	3.0	N/A
Average	**2.8**	**2.9**	**2.7**	**2.5**	**2.8**	**2.5**

Scale: "very satisfactory" (4); "satisfactory" (3); "somewhat satisfactory" (2); "not satisfactory" (1).
UNON = United Nations Office at Nairobi.

54. The Office of Internal Oversight Services noted that, while the average rating for the services of the Budget and Financial Management Service was 3, Habitat considered that Treasury Services were "very satisfactory", but that those of the Finance Section were "not satisfactory". UNEP and Habitat found Information Technology services between "somewhat satisfactory" and "satisfactory". Both UNEP and Habitat held the view that the Support Services Service provided only "somewhat satisfactory" service, while that section believed that its services were "satisfactory". The Human Resources Management Service evaluated their service to UNEP as "satisfactory" and to Habitat as "somewhat satisfactory", an evaluation with which both UNEP and Habitat agreed. In comments attached to the ratings, the main point raised was the need to increase the knowledge and understanding of UNEP and Habitat, especially their managers, of the Regulations and Rules of the United Nations, so that they would better understand their responsibilities and the framework within which the United Nations Office at Nairobi works, which would in turn facilitate and expedite the provision of services to them.

55. Although some positive developments have taken place with regard to gauging client satisfaction, a systematic approach has to be developed in the United Nations Office at Nairobi. The survey confirms the view of the Office of Internal Oversight Services that tools for ensuring customer satisfaction should be institutionalized and activated at the earliest with a view to bringing clients' assessment of services received at least to the level of satisfactory.

F. Staffing

1. Human resources planning in the Division of Administrative Services

56. The Office of Internal Oversight Services reviewed and established that no comprehensive review of the required staffing levels and skills for the Division of Administrative Services had been carried out since the task force which set up the United Nations Office at Nairobi. In addition, there is no basis for the current split between regular and extrabudgetary funding of posts shown in table 2 below.

Table 2
Human resources structure of the Division of Administrative Services, United Nations Office at Nairobi

	Professional category and above			*General Service*		
Office	*Extrabudgetary*	*Regular budget*	***Total***	*Extrabudgetary*	*Regular budget*	***Total***
Office of the Chief	1	2	**3**	3	0	**3**
Budget and Financial Management Service	16	5	**21**	64	5	**69**
Human Resources Management Service	7	4	**11**	32	3	**35**
Support Services Service	4	4	**8**	49	27	**76**
Information Technology Service	6	4	**10**	17	5	**22**
Security and Safety Section	0	2	**2**	0	69	**69**
Total	**34**	**21**	**55**	**165**	**109**	**274**

57. With regard staff skills, training and development, the Office of Internal Oversight Services also established that there is no overall training and development plan for the staff of the Division related to specific requirements on their skills and responsibilities.

2. Difficulties in attracting staff in the Professional category to Nairobi

58. During his visit to the United Nations Office at Nairobi in September 2000, the Under-Secretary-General for Internal Oversight Services noted with concern the vacancies in senior positions in the Division. The findings of the Office of Internal Oversight Services review of the level and cause of the problem are as follows:

59. The Office of Internal Oversight Services was informed by the Chief of the Division of Administrative Services that there were inherent problems in attracting highly qualified staff in the Professional category to the United Nations Office at Nairobi. The Division has had problems in filling every recently vacated post at the P-5, Chief of Service, level. In the case of the post of the Chief of the Human Resources Management Service (P-5), the Division received only six internal applicants, out of which only three had experience in the field of human resources management. Only one internal candidate applied for the position of Chief of the Financial Resources Management Service (Chief of Accounts in the Budget and Financial Management Service from January 2001). The United Nations Office at Nairobi further stated that similar problems existed at other levels of recruitment of Professional staff. The Office cited problems related to the security situation at the duty station and the lack of competitiveness of the remuneration package, compared to other headquarters locations. The Office of Internal Oversight Services considers that the lack of an enforced policy of rotation and mobility among United Nations duty stations has been a major contributing factor, and notes that the Office of Human Resources Management is taking action to promote greater mobility between duty stations, as requested by the General Assembly in its resolution 55/258 of 14 June 2001.

60. While the problems relating to the recruitment situation in Nairobi are beyond the scope of the present report, it would greatly improve morale and the staffing capacity at Nairobi if the Office of Human Resources Management would promulgate appropriate incentives to encourage the relocation and reassignment of Professional staff to Nairobi. This is particularly important, given the call by the General Assembly for the strengthening of the United Nations Office at Nairobi.

V. Conclusions

61. The review by the Office of Internal Oversight Services of the administrative practices at the United Nations Office at Nairobi revealed that, overall, its clients considered the services provided by the United Nations Office at Nairobi Administration to be "satisfactory", and those by the Budget and Financial Management and Information Technology Services, "somewhat satisfactory". The authority delegated to the United Nations Office at Nairobi Administration on human resources and financial matters had been clarified by the Department of Management on a number of occasions over the years. However, the instructions and directives need to be compiled by the Division of Administrative Services in a single administrative manual, to facilitate reference both by clients and the administrative services.

62. The Office of Internal Oversight Services found that, while Secretary-General's bulletin ST/SGB/2000/13 stipulated the role and mandate of the United Nations Office at Nairobi Administration, there was a need to define reporting lines and level of accountability with regard to UNEP and Habitat. Furthermore, it was important to clarify accountability for the management of the United Nations Office at Nairobi, both with respect to representation and liaison functions with permanent missions in Nairobi, and the delivery of administrative services, during the absences of the Director-General. The Office of Internal Oversight Services found that members of diplomatic missions were not adequately informed on the role and responsibilities of the United Nations Office at Nairobi, and welcomed the Director-General's quick response to the issues raised and the action he has taken to initiate a regular schedule of meetings with the members of the Committee of Permanent Representatives, as well as to provide them regularly with information papers, as mentioned above. These steps will render the activities of the Office more transparent to Member States and will provide a much-needed avenue for the parties to communicate on matters affecting them.

63. In order to monitor the effectiveness of the services provided by the United Nations Office at Nairobi Administration, the Director-General concurred with the recommendation of the Office of Internal Oversight Services that service agreements be established, and confirmed that most of the preparatory work for those agreements had already been undertaken. The United Nations Office at Nairobi/ UNEP/Habitat working group established for that purpose had started to negotiate most elements of such service agreements.

64. There was no systematic approach to gauge client satisfaction with regard to the administrative services provided by the United Nations Office at Nairobi. The client survey undertaken in connection with the inspection confirmed the need to institutionalize periodic assessments. The United Nations Office at Nairobi Administration should examine the areas identified by clients as providing "somewhat satisfactory" services and implement corrective action.

65. The problem of attracting qualified personnel to work in the United Nations offices located in Nairobi needs to be actively addressed by the United Nations Office at Nairobi management in concert with the Office of Human Resources Management. Furthermore, the staffing structure of the Division of Administrative Services has to be reviewed, to ensure that the current staffing and skills levels and the way they are funded are still the best fit for the duty station, and an overall plan for skills enhancement and training of staff for efficient and effective delivery of services needs to be put in place.

VI. Recommendations

66. On the basis of the conclusions reached in this review, the Office of Internal Oversight Services has made 13 recommendations in the following paragraphs:

67. Within six months of the issuance of the present report, the Division of Administrative Services/United Nations Office at Nairobi, led by the Chief of the Division, should:

(a) Assess areas in which the United Nations Office at Nairobi has delegated authority, and compile all the documents and correspondence on delegation of authority to UNEP and Habitat, referred to in paragraphs 6 to 20, in a manual for ease of reference by both the clients and the administrative services;

(b) Outline for each service being delivered the authority delegated to the United Nations Office at Nairobi and that retained by UNEP and Habitat, including the responsible official within each agency;

(c) Convene a meeting with the relevant officials to clarify the existing delegation of authority to UNEP and Habitat;

(d) Assess areas in which the United Nations Office at Nairobi considers that it has had problems in taking decisions or implementing its mandate, and present this self-assessment to the Department of Management with specific requests for delegation of authority (SP-01-002-001)*** (see paras. 6-20 above).

68. The Director-General agreed generally with the above recommendation, but noted with regard to (d) that *decisions regarding delegation of authority in the administrative area are within the purview of the Department of Management which should take the lead.* The position of the Office of Internal Oversight Services is that the United Nations Office at Nairobi should take a proactive stance by initiating the self-assessment recommended in subparagraph (d) above and presenting it to the Department of Management, with specific requests.

69. The United Nations Office at Nairobi Administration should hold a meeting with the concerned UNEP and Habitat officials to explain the reporting lines and functional responsibilities outlined in the current Secretary-General's bulletin, in order to dispel any lingering confusion (SP-01-002-002)*** (see para. 25 above).

70. (a) The Director-General of the United Nations Office at Nairobi should issue a circular with immediate effect, explaining that the representational duties referred to in Secretary-General's bulletin ST/SGB/2000/13 will be carried out by the Executive Director of Habitat or the next highest-ranking United Nations official in Nairobi when the Director-General is absent. In this regard, the Director General of the United Nations Office at Nairobi expressed *reservations that such an arrangement might result in a confusion of the existing reporting lines.* He suggested instead that *a full-time position of Deputy Director-General be established in Nairobi, and that until this was done, one of the existing senior officers at the United Nations Office at Nairobi could be charged with deputizing for the Director-General,* citing a similar approach adopted at the United Nations Office at Vienna. The Office of Internal Oversight Services has verified that the situation at Nairobi is not identical to that at the United Nations Office at Vienna, where there is no official at the Assistant Secretary-General level. The Office of Internal Oversight Services considers that the presence of the Assistant Secretary-General at Habitat vitiates the need for the suggested arrangement, and maintains its recommendation that the representational duties of the Director-General of the United Nations Office at Nairobi be carried out by the next highest-ranking United Nations official in Nairobi when the former is absent (SP-01-002-003)*** (see paras. 26-28 above);

(b) In order to improve transparency, the Director-General of the United Nations Office at Nairobi should also issue an information circular to all staff in Nairobi, confirming that the Chief of the Division of Administrative Services is accountable for the operational activities of the Office in the absence of the Director-General (SP-01-002-004) (see paras. 25-27 above).

71. The Director-General of the United Nations Office at Nairobi should take immediate steps to:

(a) Establish mechanisms which would ensure that the Office provides good quality and timely services to all its clients, and that both UNEP and Habitat receive equitable treatment;

(b) Issue an information circular emphasizing that, as set out in paragraph 6.2 of Secretary-General's bulletin ST/SGB/2000/13, the Chief of the Division of Administrative Services in the United Nations Office at Nairobi is also the Chief Administrator for Habitat (SP-01-002-005)*** (see paras. 29-31 above).

72. The Director-General of the United Nations Office at Nairobi should immediately convene a meeting to decide on the format and purpose of the tripartite consultations referred to in paragraphs 32 to 35 above, and to agree to meet at least once monthly until the issues raised in the present report are addressed. The forum should function as a client advisory committee, which would provide feedback to the United Nations Office at Nairobi on the effectiveness and responsiveness of its operations to the users of its services on a regular basis. (*The Director-General of the United Nations Office at Nairobi has agreed that such a committee would be best suited to consider a system to monitor delivery of the Office's services*) (SP-01-002-006).***

*** An internal code used by the Office of Internal Oversight Services.

73. The Director-General of the United Nations Office at Nairobi should:

(a) Consult (in writing) the Executive Office of the Secretary-General and the Under-Secretary-General for Legal Affairs regarding General Assembly resolution 52/220, and the request of the permanent representatives in Nairobi to be accredited to the United Nations Office at Nairobi, as a separate entity from UNEP and Habitat;

(b) Designate an existing official as Protocol Officer and determine whether the United Nations information centre or the Division of Administrative Services is better placed to provide information kits on the United Nations Office at Nairobi and its services to diplomatic missions and carry out briefing and discussion sessions for them on the nature of those services on a regular basis. The United Nations Office at Nairobi Administration responded that *the implementation of this recommendation requires allocation of new dedicated resources for protocol-related functions at the United Nations Office at Nairobi, and would have to be postponed until a new post of Chief of Protocol could be established as part of the budget approval process*. The Office of Internal Oversight Services reiterates that the United Nations Office at Nairobi should designate an official from Professional resources already available at the Office to carry out protocol functions;

(c) Institutionalize regular consultative meetings with members of the Committee of Permanent Representatives;

(d) Instruct the Chief of the Division of Administrative Services to establish mechanisms for providing the Committee of Permanent Representatives with management reports regarding the services it provides to UNEP and Habitat on a regular basis. The Office of Internal Oversight Services has been advised that *the United Nations Office at Nairobi Administration has developed a format for quarterly information papers on its extrabudgetary budget performance, and the services provided, for distribution to the members of both the UNEP and Habitat Committees of Permanent Representatives. In future, similar reports will also be prepared on services provided by the United Nations Office at Nairobi Division of Conference Services* (SP-01-002-007)*** (see paras. 37-40 above).

74. Within six months of the issuance of the present report, UNEP and Habitat should establish a system within their organizations to monitor delivery of services provided by the United Nations Office at Nairobi. The proposed client advisory committee may be utilized for this purpose. The related internal procedures should be disseminated to staff in information circulars that would identify the focal points and define their respective roles and responsibilities (SP-01-002-008)*** (see paras. 43-44 above).

75. Drawing on the findings and recommendations of the working group on service agreements, the United Nations Office at Nairobi, UNEP and Habitat should finalize, within three months of the issuance of the present report, the basis, formula and performance indicators for the services rendered by the United Nations Office at Nairobi to UNEP and Habitat (SP-01-002-009)*** (see paras. 45-48 above).

76. The United Nations Office at Nairobi should follow up with UNEP and Habitat, within one month of the issuance of the present report, to clarify the remaining questions regarding the costing of the services rendered by the United Nations Office at Nairobi to UNEP and Habitat (SP-01-002-010)*** (see paras. 49-50 above).

77. (a) The United Nations Office at Nairobi should regularly (at least every six months in the first year following the present report, and annually thereafter) distribute client satisfaction surveys to UNEP and Habitat and utilize the envisaged client advisory committee to discuss and agree on the findings of surveys and improvements required;

(b) In order to increase knowledge and understanding by UNEP and Habitat programme managers of United Nations rules and procedures, the United Nations Office at Nairobi should initiate regular "informational" meetings with programme managers on administrative issues (SP-01-002-011)*** (see paras. 51-55 above).

78. The Division of Administrative Services should conduct a comprehensive review on its staffing requirements and develop a plan to achieve it. The Division should further develop a training plan to ensure that the staff are adequately skilled in providing quality services in an efficient manner (SP-01-002-012)*** (see paras. 56-57 above).

79. The Director-General of the United Nations Office at Nairobi and the Chief of the Division of Administrative Services should request the Office of Human Resources Management to undertake a review of the current human resources situation in Nairobi and prepare a paper for consideration by the Secretary-General on options for helping the United Nations Office at Nairobi to achieve the same status as other United Nations headquarters duty stations. This should involve an analysis of compensation packages given by other Kenya-based multinational and international organizations (SP-01-002-013)*** (see paras. 59-60 above).

(*Signed*) Dileep **Nair**
Under-Secretary-General
for Internal Oversight Services

Notes

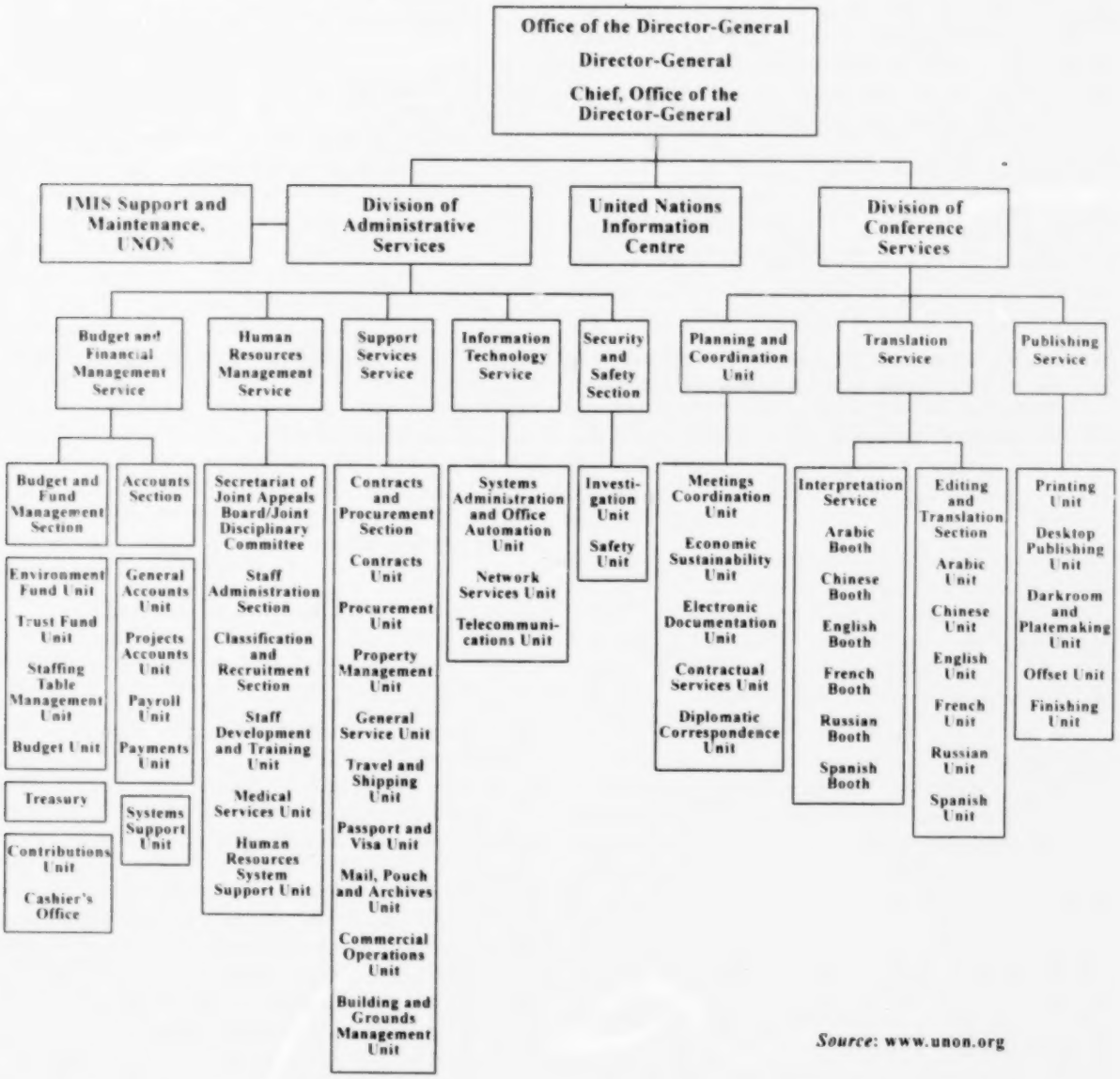
[1] The 100 series of the Staff Rules applies to all staff except those engaged on technical assistance projects (200 series) and staff engaged for short-term service or for appointments of limited duration (300 series).

Annex

United Nations Office at Nairobi

Organization chart

(as of 26 October 2001)



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